



EXECUTIVE DEPARTMENT

EXECUTIVE ORDER NO. KBB 2006 - 9

GULF OPPORTUNITY ZONE BOND ALLOCATION PROCEDURES

- WHEREAS,** Sections 1400M and 1400N of the Internal Revenue Code of 1986, as amended (hereafter "the Code"), (i) restricts, during the period commencing December 22, 2005, through January 1, 2011, the total principal amount of Qualified Gulf Opportunity Zone Bonds, hereinafter defined, whose interest may be exempt from federal income tax purposes, that may be issued in Louisiana, to an amount determined by multiplying two thousand five hundred (\$2,500) dollars by the Louisiana population in the "Gulf Opportunity Zone," hereinafter defined, (as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census prior to August 28, 2005) which amount has been calculated to be not more than seven billion eight hundred thirty-nine million seven hundred fifty thousand (\$7,839,750,000) dollars, (ii) limits the total principal amount of certain Advance Refunding Bonds, hereinafter defined, that may be issued and designated by the governor to an amount not exceeding four billion five hundred million (\$4,500,000,000) dollars during the period commencing December 22, 2005, and before January 1, 2011, and (iii) restricts the amount of "Gulf Tax Credit Bonds" that may be designated by the governor and issued after December 31, 2005, and before January 1, 2007, to a face amount not exceeding two hundred million (\$200,000,000) dollars;
- WHEREAS,** the governor has successfully authorized existing systems used to allocate ceilings on certain other types of bonds authorized to be issued, the interest on which is excluded from income tax for federal tax purposes and for which limitations are placed on such bonds by the federal government;
- WHEREAS,** the governor hereby elects to (a) establish the method to be used in allocating the ceilings, (b) provide the application procedure for obtaining an allocation of Bonds subject to such ceilings, and (c) establish a system of record keeping for such allocations, for Qualified Gulf Opportunity Zone Bonds, Advance Refunding Bonds, and Gulf Tax Credit Bonds, all as hereinafter defined;
- WHEREAS,** the creation of a bond allocation system to affect the economic, social and governmental recovery of the state is needed following the unprecedented and extensive damage in the state of Louisiana caused by Hurricane Katrina, its aftermath, and Hurricane Rita; and
- WHEREAS,** the best interests of the state of Louisiana would be served by establishing a bond allocation system to coordinate the cooperative efforts of the Louisiana State Bond Commission and the Louisiana Department of Economic Development to allocate bonds in a fair and equitable manner and in a manner providing the best and most effective results for the state and its local governments; furthermore, the methodologies and procedures set up by this Order will result in allocating the ceilings for the bonds described herein, from which the governor may designate the Advance Refunding Bonds, hereinafter defined, the Gulf Tax Credit Bonds, hereinafter defined, and from which the Louisiana State Bond Commission may designate the Qualified Gulf Opportunity Zone Bonds, hereinafter defined.

NOW THEREFORE I, KATHLEEN BABINEAUX BLANCO, Governor of the state of Louisiana, by virtue of the authority vested by the Constitution and laws of the state of Louisiana, do hereby order and direct as follows:

SECTION 1: DEFINITIONS

- A. Each abbreviation provided in the preamble of this Order, *supra*, shall have the same meaning throughout all the sections, subsections, and paragraphs of this Order.
- B. The following definitions shall apply:
 - 1. "Advance Refunding Bonds" means bonds issued between the period of December 22, 2005, and before January 1, 2011, meeting the requirements of Section 1400N(b) of the Code, as determined by the letter of bond counsel submitted in connection with an application by the Issuer of such bonds for an allocation from the ceiling of four billion five hundred million (\$4,500,000,000) dollars available for such purpose and for designation of such bonds as Advance Refunding Bonds under the ceiling;
 - 2. "Gulf Opportunity Zone" means, with respect to Louisiana and this Order, those areas within the parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana;
 - 3. "Gulf Tax Credit Bonds" means such bonds issued after December 31, 2005, and before January 1, 2007, as described in Section 1400N(1)(4) of the Code, as determined by the letter of bond counsel submitted in connection with an application by the Issuer of such bonds for an allocation from the ceiling of two hundred million (\$200,000,000) available for such purpose and for designation of such bonds as Gulf Tax Credit Bonds under the ceiling;
 - 4. "Issuer" means the issuer of the (i) Advance Refunding Bonds (including the state of Louisiana or any political subdivision thereof and including those entities that issue bonds on behalf of such entities under the Code and regulations and procedures related thereto), (ii) Gulf Tax Credit Bonds (which will be the state of Louisiana acting through the Louisiana State Bond Commission), and (iii) Qualified Gulf Opportunity Zone Bonds (including the state of Louisiana or any political subdivision thereof and including those entities that issue bonds on behalf of such entities under the Code and regulations and procedures related thereto);
 - 5. "Qualified Gulf Zone Opportunity Bonds" means bonds issued between the period of December 22, 2005, and before January 1, 2011, described in Section 1400N(2) of the Code for projects within the Gulf Opportunity Zone and meeting the requirements of Section 1400N of the Code, as determined by the letter of bond counsel submitted in connection with an application by the Issuer of such bonds for allocation from the ceiling of seven billion eight hundred thirty-nine million seven hundred fifty thousand (\$7,839,750,000) dollars available for such purpose and for designation of such bonds as Qualified Gulf Zone Opportunity Bonds.

SECTION 2: CREATION OF POOLS; METHOD OF ALLOCATION; DESIGNATION OF SUCH BONDS

- C. A pool designated as the ~~Advance~~ Advance Refunding Bonds Pool is hereby created, from which allocations from the ceiling of up to four billion five hundred million (\$4,500,000,000) dollars of Advance Refunding Bonds shall be granted. Provided that the governor is furnished sufficient back-up and support for the efficiency and economic benefits of each application for an allocation from the Advance Refunding Bonds Pool, the governor will approve, subject to review of the efficiency and economic benefits of each such request, an allocation of a portion of the ceiling for such Advance Refunding Bonds on a first come - first served basis and designate such bonds as Advance Refunding Bonds under the provisions of Section 1400N of the Code until such Pool is reduced to one billion five hundred million (\$1,500,000,000) dollars at which point the governor will devise criteria to evaluate the relative value and benefit for each financing thereafter.
- D. A pool designated as the Gulf Tax Credit Bond Pool is hereby created from which allocations from the ceiling of up to two hundred million (\$200,000,000) dollars of Gulf Tax Credit Bonds shall be granted. The governor shall propose to the State Bond Commission, after evaluation of options, a suggested division and application of such amounts. Upon approval by the State Bond Commission, the governor shall grant an allocation and designate such bonds as Gulf Tax Credit Bonds under the provisions of Section 1400N of the Code.
- E. A pool designated as the Qualified Gulf Opportunity Zone Bond Pool is hereby created from which allocations from the ceiling of up to seven billion eight hundred thirty-nine million seven hundred fifty thousand (\$7,839,750,000) dollars of Qualified Gulf Opportunity Zone Bonds shall be granted. Each application for an allocation from the Qualified Gulf Opportunity Zone Bond Pool shall be simultaneously furnished and filed with the Louisiana Department of Economic Development and the Louisiana State Bond Commission. The secretary of the Louisiana Department of Economic Development shall (within two weeks, to the extent possible and in any event within four weeks) make recommendations to the governor to assist in the determination of the economic benefits of the Projects to be financed in order to achieve the greatest potential return to the state from authorized uses. Upon the granting of an allocation from the Qualified Gulf Opportunity Zone Bond Pool by the governor and approval and designation of the Bonds as Qualified Gulf Opportunity Zone Bonds by the Louisiana State Bond Commission, such bonds shall be deemed designated as Qualified Gulf Opportunity Zone Bonds within the meaning of Section 1400N of the Code.
- F. The allocation of the ceiling from the respective pools may be considered by the governor and the Louisiana State Bond Commission (with respect to the Qualified Gulf Opportunity Zone Bonds) on the basis of additional criteria established by the governor and the Louisiana State Bond Commission (with respect to the Qualified Gulf Opportunity Zone Bonds), which may be revised from time to time at their discretion.
- G. The issuance of an executive order by the governor awarding a portion of the respective ceilings for Advance Refunding Bonds and for Gulf Tax Credit Bonds and designating such bonds as such shall be evidence of each allocation granted for such purposes pursuant to this Order. A copy of such executive order shall be promptly furnished to the Louisiana State Bond Commission for information and record keeping purposes.

SECTION 3: APPLICATION PROCEDURE FOR ALLOCATIONS

- A. Issuers may apply for allocations.
- B. The governor shall propose a use of the Gulf Tax Credit Bond Pool to the State Bond Commission, which shall adopt a resolution, to the extent it approves, requesting an allocation from the ceiling with respect thereto and designation of such bonds as Gulf Tax Credit Bonds. Such request for an allocation shall be accompanied by the letter of bond counsel determining that such allocation will constitute an allocation for bonds that meet the requirements of Gulf Tax Credit Bonds under Section 1400N of the Code, provided the Issuer receives an allocation and designation.
- C. An application for an allocation from the Advance Refunding Bond Pool shall be submitted by the Issuer to the Louisiana State Bond Commission, with a copy to the governor, or the governor's designee, requesting an allocation from the ceiling with respect thereto and designation of such bonds as Advance Refunding Bonds and together with back-up and support for the efficiency and economic benefits of each application. Such request for an allocation shall be accompanied by the letter of bond counsel determining that such allocation will constitute an allocation for bonds that meet the requirements of Advance Refunding Bonds under Section 1400N of the Code, provided the Issuer receives an allocation and designation.
- D. An application for an allocation from the Qualified Gulf Opportunity Zone Bond Pool for Qualified Gulf Opportunity Zone Bonds shall be submitted by the Issuer to the Louisiana State Bond Commission staff, with a copy to the governor, or the governor's designee, and to the secretary of the Louisiana Department of Economic Development, requesting an allocation from the ceiling with respect thereto and designation of such bonds as Qualified Gulf Opportunity Zone Bonds. Such request for an allocation shall be accompanied by the letter of bond counsel determining that such allocation will constitute an allocation for bonds that meet the requirements of Qualified Gulf Opportunity Zone Bonds under Section 1400N of the Code, provided the Issuer receives an allocation and designation as such. The secretary of the Louisiana Department of Economic Development, or the secretary's designee, shall provide a report (within two weeks and not longer than four weeks) to the governor and the Louisiana State Bond Commission, supporting or opposing such allocation request for each application.
- E. An application for an allocation from the Qualified Gulf Opportunity Zone Bond Pool for Qualified Gulf Opportunity Zone Bonds for residential projects or purposes shall be submitted by the Issuer to the Louisiana State Bond Commission staff, with a copy to the governor, or the governor's designee, requesting an allocation from the ceiling with respect thereto and designation of such bonds as Qualified Gulf Opportunity Zone Bonds. Such request for an allocation shall be accompanied by the letter of bond counsel determining that such allocation will constitute an allocation for bonds that meet the requirements of Qualified Gulf Opportunity Zone Bonds under Section 1400N of the Code, provided the Issuer receives an allocation and designation of such. The staff of the Louisiana State Bond Commission shall provide a report to the governor supporting or opposing such allocation request for each application.
- F. Other than with respect to an application from the Gulf Tax Credit Bond Pool, an Issuer who proposes to issue bonds for a specific project(s) or for a specific purpose(s) must apply for an allocation of a portion of the ceiling for the particular project(s) or purpose(s). The application form, if any, may be revised from time to time at the discretion of the governor and the Louisiana State Bond Commission (with respect to Qualified Gulf Opportunity Zone Bonds). However, at a minimum, all applications for allocations from

the Qualified Gulf Opportunity Zone Bond Pool must contain the following information:

1. The name and address of the Issuer of the bonds;
2. In the case of bonds (other than Qualified Gulf Opportunity Zone Bonds for mortgage revenue bonds, qualified mortgage bonds, and qualified veterans mortgage bonds as referred to in Section 1004N of the Code) the name and mailing address of (a) the initial owner or operator of the project, (b) an appropriate person from whom information regarding the project can be obtained, and (c) the person to whom notification of the allocation should be made;
3. If required by the Code, the date of adoption by the Issuer of an inducement resolution adopted for the purpose of evidencing official intent;
4. The amount of the ceiling which the Issuer is requesting be allocated for the project(s) or purpose(s) of the application, including, without limitation, a statement of the minimum amount of allocation that will support the issuance of the project (including the address or other description of its location) or the purpose to be financed; and
5. In the case of Qualified Gulf Opportunity Zone Bonds to be issued for multi-family housing rental projects, the following criteria must be included on the application for the project:
 - a) Identify whether the project promotes neighborhood revitalization and/or in-fill development, including new development on vacant or adjudicated properties, and whether the buildings are complimentary to the existing architecture in the neighborhood;
 - b) Identify whether the project is for scattered site single-family units, or, if the project is for a multiple unit dwelling or dwellings, the number of buildings in the project and the number of units that each dwelling contains;
 - c) Identify whether the project is located proximate to a central business district or employment center or within a targeted area within the meaning of Code;
 - d) Identify whether the project leverages other governmental or private equity funds and/or governmental incentives, and, if so, what the sources and amounts are;
 - e) Identify whether a workforce training program is a component of the project's development plan;
 - f) Identify whether the project is related to the recovery efforts of Hurricanes Katrina and/or Rita and if so, whether the project consists of the construction of replacement property;
 - g) Set forth the outside maturity of the bonds and whether there are any expectations of early prepayment or any events set up for the future that would result in an expected early redemption of the bonds; and
6. In the case of Qualified Gulf Opportunity Zone Bonds the following criteria must be included on the application;
 - a) Set forth the outside maturity of the bonds and whether there are any expectations of early prepayment or any events set up

for the future that would result in an expected early redemption of the bonds;

- b) Identify the number of jobs to be created during construction and the expected payroll and the number of jobs to be created and/or retained and the average salary for both new and retained jobs and whether health care benefits will be made available for construction and retained jobs as well as the amount of the capital investment made or to be made toward the project; and
 - c) Identify other state programs that provide any financial or business incentives as part of this expansion or new location.
 - 7. Either (a) a bond purchase agreement or other written commitment to purchase the bonds for which an allocation is requested, executed by one or more purchasers, setting forth in detail the principal and interest payment provisions and the security for the bonds, accepted by the Issuer or the beneficiary of the bonds; (b) in the case of a public offering of the bonds for which the allocation from the ceiling is requested, a binding bond purchase or underwriting agreement obligating the underwriter or underwriters to sell or purchase the bonds within one hundred twenty (120) days of the receipt of an allocation, setting forth in detail the proposed principal and interest payment provisions and the security for the bonds, accepted by the Issuer or the beneficiary of the bonds; or (3) a seven thousand five hundred (\$7,500) dollars escrow which will be forfeited in the event the bonds for which an allocation is granted are not delivered prior to the expiration of such allocation as provided. The seven thousand five hundred (\$7,500) dollars escrow deposit shall be returned to the party depositing the same without interest upon the substitution of the items described in (a) or (b), supra, or delivery of the bonds within the allocation period. In the event that such bonds are not delivered within the allocation period, the deposit shall be forfeited and deposited in the State Treasury, unless the failure to deliver such bonds is the result of the Louisiana State Bond Commission denying approval of such bonds, in which case the deposit shall be returned to the party depositing same, without interest;
 - 8. A specific date as to when the bond allocation is required and when the project financing is intended to close;
 - 9. A schedule showing the project time or projected timing of the use of the bond proceeds;
 - 10. Information necessary to evidence compliance with any additional criteria established from time to time by the governor;
 - 11. A letter from bond counsel, addressed to the governor and the Louisiana State Bond Commission, expressing that the bonds for which an allocation is requested are subject to the ceiling from which the allocation is requested; and
 - 12. An explanation why it is necessary to request and receive an allocation from the Qualified Gulf Opportunity Zone Bond Pool instead of from the separate private activity bond limitations otherwise administered by the governor.
- F. Upon receipt of the application, the Louisiana State Bond Commission staff shall determine if the requirements of this Order for such application have been met and report to the governor.
- G. Any allocation from the ceiling shall expire unless the bonds receiving the allocation are delivered by the earlier of (1) one hundred twenty (120) days

from the date of notice of allocation is mailed to the person designated, or (2) one hundred twenty (120) days before the end of the allocation period for such pool (unless the allocation is granted within the last one hundred twenty (120) days of a calendar year). The Issuer may resubmit its application for an allocation of a portion of the ceiling for such project or purpose. The application of the Issuer relating to such project or purpose shall be reviewed in chronological order of receipt of the resubmission.

- H. The Louisiana State Bond Commission staff shall promptly notify the governor when the Advance Refunding Bond Pool reaches a level of one billion five hundred million (\$1,500,000,000) dollars or less.

- VI. The Louisiana State Bond Commission staff shall maintain accurate records of all allocations and all Bonds delivered. All Issuers of bonds that have received an allocation shall notify the Louisiana State Bond Commission staff of the delivery of bonds within five (5) days after the delivery of such bonds and shall specify the total principal amount of bonds issued. The Louisiana State Bond Commission staff shall provide to any person so requesting, within a reasonable time: (a) the amount of unallocated ceiling remaining on the date such request is made; (b) a list of allocations (naming the Issuer and amount of allocation) which have been made and the date of each allocation; (c) a list of applications being held by the Louisiana State Bond Commission staff which have not received an allocation; and (d) a list of bonds which have been given an allocation and have been delivered.

- J. This Order only relates to bonds subject to the bond volume limitations set forth in Section 1004N of the Code. No Issuer shall apply for or be entitled to an allocation from the ceiling for bonds that are not subject to the limitations set forth in Section 1004N.

- K. Any modification, amendment, supplementation, or rescission of this Order, if any, shall not rescind any allocation and/or designation of bonds pursuant to the terms of this Order if such allocation and/or designation is required under federal law in order to maintain the tax-exempt status of the bonds receiving the allocation and/or designation.

SECTION 4: MISCELLANEOUS PROVISIONS

- A. The responsibility of the Louisiana State Bond Commission staff as set forth in this Order shall be exercised by the Louisiana State Bond Commission staff independent of its other duties and responsibilities owed to the Louisiana State Bond Commission.

- B. This Order is effective upon signature and shall continue in effect until amended, modified, terminated, or rescinded by the governor, or terminated by operation of law.



IN WITNESS WHEREOF, I have set my hand officially and caused to be affixed the Great Seal of Louisiana, at the Capitol, in the city of Baton Rouge, on this 16th day of February, 2006.

/S/ Kathleen Babineaux Blanco
GOVERNOR OF LOUISIANA

ATTEST BY
THE GOVERNOR

/S/ Al Ater
SECRETARY OF STATE